

JSC TBC Bank

(the “Bank”)

Remuneration Committee (“Committee”)

Terms of Reference

These Terms of Reference define the Committee's role and responsibilities, the authority delegated to the Committee by the Supervisory Board, as well as its structure, membership and procedural matters related to the Committee's activities.

1. Role of the Committee

1.1 The role of the Committee is to support the Supervisory Board to fulfil its responsibility to ensure that:

- a) the remuneration policy and practices of the Bank are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements;
- b) executive remuneration is aligned to Bank's purpose and values and linked to the execution of its long-term strategy while taking into account the wider Bank stakeholders' experience; and
- c) the Remuneration policy and practices are fairly and consistently applied across the Bank.

1.2 The Committee shall consider:

- a) remuneration policies to cover fixed and variable compensation, including long-term and short-term incentives paid in cash and/or shares, pensions, and other benefits;
- b) the results of application of the remuneration policy on the operating costs of the Bank;
- c) recruitment and any severance policies related to remuneration; and
- d) policies related to workforce remuneration and their alignment with the Bank culture and remuneration principles.

2. Remuneration Principles

- a) When determining and applying the remuneration policy, the Committee shall take into account the following principles:
 - (i) clarity;
 - (ii) implicit;
 - (iii) risk;
 - (iv) predictability;
 - (v) proportionality; and
 - (vi) alignment with the Bank culture.

- b) When determining and applying the remuneration policy, the Committee will among others:
 - (i) Consider the need to promote the long-term sustainable success of the Bank and the alignment to the Bank purpose and values linked to the successful delivery of the Bank's long-term strategy, having regard to the views of shareholders and other stakeholders, and ensuring that rewards are fair and incentives are drawn to encourage enhanced performance while reflecting individual contributions;
 - (ii) Consider the Bank's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Bank's risk policies and systems and long-term sustainable goals;
 - (iii) Assess the need to retain over the long-term and motivate talent across the Bank in different geographies and business lines while facilitating employee mobility within the Bank; and
 - (iv) Exercise discretion in relation to the application of the remuneration policy, as permitted by such policy.

3. Detailed Responsibilities

In carrying out its role, the Committee shall:

3.1 *Remuneration Policy and Policy Administration*

- a) Review remuneration policy and practices across the Bank and their effectiveness to support the implementation of the Bank strategy;
- b) Propose for approval by the shareholders of the Bank the remuneration of the members of the Supervisory Board;
- c) Propose to the Supervisory Board for approval the policy for the remuneration and benefits of the executive management board members¹ of Bank;
- d) Review annually Material Risk Takers remuneration and related policies and the alignment of incentives and rewards with the Bank's culture.
- e) Propose to the Supervisory Board for approval the remuneration structure and reward levels for those employees of the Bank whose compensation exceeds a level determined by the Committee, from time to time;
- f) Propose to the Supervisory Board for approval the remuneration structure and level for the compensation of the Corporate Secretary;
- g) Determine expense reimbursement policy for Supervisory Board members;
- h) Propose to the Supervisory Board for approval the remuneration package and elements of the individual remuneration package for each executive management board member of the Bank, including (to the extent applicable):
 - (i) base salary;
 - (ii) variable remuneration including but not limited to share-based incentive remuneration schemes;
 - (iii) any pension arrangements; and

¹ Executive Management Board Members – General Director and the Deputy General Directors of the Bank

- (iv) other benefits in cash or in kind;
- i) Exercise discretion or judgment beyond formulaic applications of the policy on remuneration outcomes, taking account of Bank and individual performance, and wider circumstances and in relation to performance-based incentive plans using a range of financial and non-financial strategic measures to ensure that targets are aligned with the Bank strategy to deliver value over the long-term in line with its purpose;
- j) Keep abreast of external remuneration trends and market conditions;
- k) Annually:
 - 1. consider the appropriate peer group to benchmark remuneration levels for Supervisory Board members and executive management board members of the Bank;
 - 2. receive assurances that the remuneration policy is effectively implemented receiving inputs from relevant control functions;

3.2 Share based remuneration and bonus arrangements

In applying the remuneration policy related to share-based remuneration the Committee shall:

- a) Decide whether executive management board members of the Bank are eligible for awards under share incentive plans of TBC Bank Group PLC, the parent company of the Bank (the “Company”), in coordination with the Risk Committee and Audit Committee to take into account the targets of the risk appetite framework of the Bank as applicable and any other relevant parameters as agreed with the Supervisory Board from time to time;
- b) Propose to the Supervisory Board a total bonus pool, if so required by the Supervisory Board, in coordination with the Risk Committee and the Audit Committee;
- c) Propose to the Supervisory Board the Bank’s executive management board members KPIs for both awards under the short-term and the long-term incentive plans in coordination with other Committees of the Supervisory Board following the approval of the annual budget and strategy;
- d) Assess achievement by Bank’s executive management board members of the objectives and KPIs agreed for both awards under short-term and long-term incentive plans in coordination with other committees of the Supervisory Board;
- e) Propose to the Supervisory Board the level of annual bonus and annual grant under the long-term incentive plan taking into consideration the overall achievements and outcomes in the implementation of the Bank strategy with inputs from other Supervisory Board committees;
- f) Annually, before vesting of any share award, receive malus test results and decide on vesting of the awards;
- g) Annually consider if any claw-back clauses should be applied to vested awards during the relevant applicable period;
- h) Annually receive confirmation from the Bank’s Head of Compliance about minimum shareholding requirements fulfilment in line with the policy;

- i) Annually review the employee share trust's performed operations.

3.3 Workforce remuneration and related policies

- a) Review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- b) Receive information about any major changes in remuneration and employee benefits structures of the Bank which diverge from the Bank remuneration policy principles; and
- c) Receive regular input from the designated non-executive Supervisory Board member responsible for workforce engagement regarding the feedback received from the workforce on the alignment of incentives and rewards pay with the Bank's strategy and culture.

4. Committee Membership and Composition, Members' Rights and Obligations

- 4.1 The Committee shall comprise a minimum of three members, including the Committee Chair, all of whom shall be independent non-executive Supervisory Board members, as determined by the Supervisory Board. The Chairman of the Supervisory Board can be a member of the Committee, if he was independent on appointment.
- 4.2 One of the independent non-executive Supervisory Board members shall be appointed by the Supervisory Board as the Chair of the Committee (the "Committee Chair"). Before appointment as Committee Chair, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 4.3 Committee members should have the appropriate balance of skills, experience, independence to enable them to discharge their respective duties and responsibilities effectively. Committee members should have professional experience and relevant knowledge about compensation arrangements and the incentives and risks that can arise from such arrangements.
- 4.4 Committee members are appointed for a term of one year, subject to annual re-election at the Annual General Meeting of the Bank's parent company, TBC Bank Group PLC. Reappointment is allowed without any restriction if a member still meets the criteria for the Committee membership.
- 4.5 Committee members shall have the following rights:
 - (a) to request documents, reports, explanations and other relevant information from the officers, executives and employees of the Bank;
 - (b) to invite the Bank's officers, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
 - (c) to utilise the services of outside consultants, experts and advisors; to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
 - (d) to perform any other duties as may be required by the Supervisory Board within the scope of authority of the Committee as set forth herein;

- (e) to contribute written suggestions and propositions in order to improve Committee activities;
- (f) to place matters on the agenda of the Committee meeting and to vote on any matters in the agenda, and to demand inclusion to the Committee meeting minutes of his or her individual opinion;
- (g) to contribute recommendations on the improvement of relevant policies within the Committee's scope for the consideration of the Supervisory Board;
- (h) on giving reasonable notice, to resign from the Committee;
- (i) Where there is disagreement between the Committee and the Supervisory Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement.
- (j) to have sufficient resources in order to carry out the Committee's duties including access to the Corporate Secretary professional advice.

4.6 Committee members shall have the following obligations:

- (a) to participate in the activities and work of the Committee, and attend all meetings;
- (b) to treat as confidential all information that becomes known to him/her in the course of performing his/her duties;
- (c) to inform the Supervisory Board of any changes in his/her independent status or any conflicting interest regarding decisions to be made by the Committee;
- (d) to adhere to all applicable laws and regulations and these Terms of Reference whilst carrying out his or her activities;
- (e) to act in the best interests of the Bank for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:
 - (i) the likely consequences of any decision in the long term;
 - (ii) the interests of the Bank's employees;
 - (iii) the need to foster the Bank's business relationships with suppliers, customers and others;
 - (iv) the impact of the Bank's operations on the community and the environment;
 - (v) the desirability of the Bank maintaining a reputation for high standards of business conduct; and
 - (vi) the need to act fairly as between members of the Bank.

5. Committee Meetings

- 5.1 **Notice of the Meetings** - Meetings of the Committee shall be called by the Corporate Secretary at the request of the Committee Chair or any of its members at any time, to consider any matters falling within the competence of the Committee. In special circumstances, the Committee meetings can be called by the Corporate Secretary at the request of the CEO or Chairman of the Supervisory Board if they consider it necessary. Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be provided to each

member of the Committee and any other person required to attend, no later than five calendar days before the date of the meeting or in case of matters of urgency – no later than 24 hours before the date of the meeting.

- 5.2 **Meetings** - Committee shall meet as often as it deems necessary and at least four times a year. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Committee meeting agenda will be prepared and provided in advance of the meeting to the members, along with appropriate materials. Outside of the formal meetings, the Committee Chair will maintain a dialogue with key individuals involved in the Bank's governance, including the Supervisory Board Chairman and the CEO.
- 5.3 **Attendees** – only the members of the Committee have the right to attend Committee meetings, other persons may be invited by the Committee Chair to attend the meeting, if and when appropriate. The Corporate Secretary shall attend all Committee meetings.
- 5.4 **Quorum** – the quorum for the Committee meeting shall be two.
- 5.5 **Voting** - each Committee member shall have one vote which may be cast on matters considered at the meeting, where:
- (a) votes can only be cast by members attending a Committee meeting.
 - (b) if a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting; and
 - (c) except where he or she has a personal interest, the Committee Chair shall have a casting vote.
- 5.6 **Secretary** – the Corporate Secretary shall act as the secretary of the Committee. The Committee is supported by the Corporate Secretary on all matters, including assisting the Committee Chair in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support. The Corporate Secretary ensures that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.7 **Professional Advice** – the Committee and the Committee Chair shall have access to the advice and services of the Legal Counsel and the external (local and/or international) legal counsel on regulatory and legal matters.
- 5.8 **Minutes** – the Secretary shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those absent and in attendance. The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall prepare and circulate the draft minutes of the Committee meetings promptly to all members and other attendees of the relevant meeting. Minutes of any meeting shall be announced as final, once signed by the Chair. Unlimited access to all the minutes of the Committee meetings must be granted to all Supervisory Board members at any time. The Secretary is the key responsible person to provide such access. A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be noted at the next meeting of the Committee.

6. Committee Professional Development, Self-Assessment, Reporting and Disclosure

- 6.1 The Committee will undertake appropriate and timely professional development, including an induction programme for new members and on an ongoing basis for all members. The professional development shall include, but not be limited to, an understanding of the principles of and developments in governance-related matters.
- 6.2 The Committee shall, with the support of the Corporate Secretary, conduct an annual self- assessment (including the evaluation of the Committee's compliance with the Terms of Reference) and report any conclusions and recommendations to the Supervisory Board not later than in the two-month period from the end of the relevant year.
- 6.3 The Committee shall annually review these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Supervisory Board for approval.
- 6.4 The Committee Chair shall report to the Supervisory Board on its proceedings at the following Supervisory Board meeting on all matters within its duties and responsibilities. The Committee Chair shall inform the Chairman of the Supervisory Board as soon as possible on matters that the Committee has deemed as urgent.
- 6.5 The Committee can make recommendations to the Supervisory Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.6 The Committee shall annually produce a report on its activities, which shall be presented to the Supervisory Board. The Committee Report shall comply with all applicable requirements of the National Bank of Georgia, where relevant.
- 6.7 Committee information, including the Terms of Reference, membership of the Committee and the description of the Committee's duties and activities during the year, shall be disclosed on the Bank's website.

7. Other Matters

- 7.1 **Amendments** – these Terms of Reference may be amended by the Supervisory Board at its sole discretion without prior notification.
- 7.2 **Inconsistency with Georgian Law** – where these Terms of Reference are inconsistent with Georgian law or other applicable Georgian regulations, the latter shall prevail.